

Local Funding Share (Match)

Transportation Enhancement Activities are reimbursable projects. Applicants are expected to finance the project as it proceeds. Up to 88 percent of the actual eligible expenditures – up to the ceiling of the federal funding share – will be reimbursed with each invoice. The amount programmed into the State Transportation Improvement Program (STIP), based on the original estimate of the project costs, will determine the federal funding ceiling. Local funding share must be used in each phase.

Where the applicant chooses to use federal funds, a match of approximately 12 match dollars to each 88 federal dollars for a total of 100 dollars is required in each enhancement project phase. Administering agencies may “overmatch” enhancement projects; that is, additional match dollars may be used in the transportation enhancement activity beyond the match requirement. Because of federal policies and the possibility of cost overruns, administering agencies are encouraged to use the full extent of federal funds in the project. Agencies are discouraged from including more than 49 percent non-federal dollars in the total enhancement project cost. The Federal Highway Administration authorizes expenditures on a project phase by phase (preliminary engineering, right of way, construction).

Match may be provided from Caltrans State Highway Account funds for projects directly related to the State Highway System. Each Caltrans District Director has responsibility for recommending use of these funds to the Commission. Project applicants are encouraged to have an alternate funding source when requesting State Highway Account funds, as there is no guarantee they will be approved by the Commission. (See Application, part Five.) State Highway Account match may only be requested during the application process; it may not be requested after a project is programmed.

Under the Federal Highway Administration's new innovative financing test and evaluation project, a nationwide project has been established to allow greater flexibility for matching funds; for example, match may now be other federal dollars or private cash. Administering agencies may contact their Caltrans District Local Assistance Engineer for details.

Section 323 of Title 23 allows certain right of way donations to count towards the local funding share of a project. Donations must be from private ownership to public ownership for project purposes. Acquired right of way is not eligible as the match. Land that has been acquired previously and is already intended or available for use by the public does not qualify for donation credit.

“Soft match” refers to instances where the value of activities accomplished away from the project are credited toward the non-federal share (match) of the

project. An example of this is the toll credit provisions of Section 1044 of the ISTEA. Soft match generally is not eligible under current federal rules.

Occasionally, an administering agency's partner seeks to provide labor or materials to design or construct a given project. Or sometimes an administering agency wants to use its own forces to do part or all of the work. In both of these cases, a competitive bidding process is precluded. When this is desired, the administering agency must give justification for not utilizing contracting by competitive bid; a comparison must be made between a) doing work by the agency's own forces [or sole-sourcing the work to the partner] and b) by contracting out. When justifying the use of the partner as a sole source, the administering agency also must show that these are the only people who can do the work, and that services are available only from this single source. Caltrans will make a "Finding of Public Interest" on the justification. In addition, some agencies' regulations may limit work by methods other than contracting out.

Use of Environmental Enhancement and Mitigation (EEM) Funds as Match

Applicants may propose to use state EEM funds as match, where a project qualifies under both programs. The requirements for TEA and are different in several important ways that tend to make the match difficult, and inadvisable or not eligible for many projects:

- Eligible categories are largely different, but do overlap for certain kinds of projects such as tree planting or roadside bikeways.
- TEA projects must complete the federal environmental (NEPA) process, but with lengthy requirements for agency consultation that cannot in many cases be completed successfully within one year, while the EEM program requires projects to be delivered within one year or funding is forfeited, which presents a challenging match-up of timelines.
- The state-funded EEM program does not reimburse costs for environmental studies, which can represent a major cost for TEA projects, so another match source (or separate funding) needs to be provided for this phase, and
- Non-profit agencies may apply directly for state-funded EEM funds but must have a public agency partner to apply for TEA.

To receive the EEM Guidelines, contact the Resources Agency at (916) 653-5656. The Resources Agency receives and ranks EEM applications and submits them to the California Transportation Commission for adoption. Public comment may be made on selections at the California Transportation Commission meeting. Caltrans is responsible for project implementation and reimbursement.